



State of New Jersey

DEPARTMENT OF HUMAN SERVICES
DIVISION OF MENTAL HEALTH AND ADDICTION SERVICES
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To: DMHAS Contracted Providers of Mental Health Services

From: Susanne Rainier, Chief
Bureau of Contract Administration

Date: May 19, 2016

Subject: **FY 17 Ceiling Reductions due to Increased Medicaid Outpatient Rates**

As you are aware, award summaries for FY 17 contracts were prepared to reflect the expected increase in Medicaid revenue due to the rate increases which take effect 7/1/16. As a result of provider feedback, Division of Mental Health and Addiction Services (DMHAS) staff reviewed the methodology for computing the expected increase in Medicaid revenue for contracted programs that bill Outpatient Medicaid codes. These programs include Outpatient, Intensive Outpatient Treatment and Support Services (IOTSS), Early Intervention Support Services (EISS) and Involuntary Outpatient Commitment (IOC). As a result of this review, it has been determined that the methodology requires revision to account for the services for which there was no increase. Therefore, DMHAS has decided to temporarily rescind the ceiling reductions specific to the above-listed programs, and re-compute the expected amount of additional revenue. We anticipate completing the re-calculations in July, after FY 17 contracts are signed. DMHAS will then issue revised award summaries, after which contract modifications will be needed to complete the reductions.

Providers should not increase their projected revenue for Outpatient (or in any of the aforementioned programs) in their FY 17 contract renewal budgets.

Please forward any questions to your DMHAS contract administrator.

Thank you for your continued collaboration with DMHAS as we implement these significant changes in our contracting system.